



OFFICE OF
INSURANCE COMMISSIONER No. G04-74

In the Matter of

The Financial Examination of
**LUTHERAN BIBLE
INSTITUTE OF SEATTLE**

)
) FINDINGS, CONCLUSIONS,
) AND ORDER ADOPTING REPORT
) OF
) FINANCIAL EXAMINATION

A Domestic Charitable Gift Annuity Issuer. _____

BACKGROUND

An examination of the financial condition of **LUTHERAN BIBLE INSTITUTE OF SEATTLE** (LBIS) as of December 31, 2003, was conducted by examiners of the Washington State Office of the Insurance Commissioner (OIC). LBIS holds a Washington certificate of exemption to issue charitable gift annuities. This examination was conducted in compliance with the laws and regulations of the state of Washington and in accordance with the procedures promulgated by the National Association of Insurance Commissioners and the OIC.

The examination report with the findings and instructions was transmitted to LBIS for its comments on September 8, 2004. LBIS' response to the report is attached to this order only for the purpose of providing convenient review of the response.

The Commissioner or a designee has considered the report, the relevant portions of the examiners work papers, and submissions by LBIS.

FINDINGS

Findings in Examination Report. The Commissioner adopts as findings the findings of the examiners as contained in pages 1 through 8 of the report.

CONCLUSIONS

It is appropriate and in accordance with law to adopt the attached examination report as the final report of the financial examination of **LUTHERAN BIBLE INSTITUTE OF SEATTLE** and to order LBIS to take the actions described in the Instructions and Comments and Recommendations sections of the report. The Commissioner acknowledges that LBIS may have implemented the Instructions and Comments and Recommendations prior to the date of this order. The Instructions and Comments and Recommendations in the report are an appropriate response to the matters found in the examination.



ORDER

The examination report as filed, attached hereto as Exhibit A, and incorporated by reference, is hereby ADOPTED as the final examination report.

LBIS is ordered as follows, these being the Instructions and Comments and Recommendations contained in the examination report on pages 1-3.

1. LBIS is ordered to report the statutory reserve amount on its financial statements pursuant to RCW 48.38.020(1) and (3). Instruction 1, Examination Report, page 2.
2. LBIS is ordered to maintain, at all times, the required minimum unrestricted net assets to ensure its compliance with RCW 48.38.010(6). Instruction 2, Examination Report, page 2.
3. Pursuant to RCW 48.38.010 and RCW 48.38.020, LBIS is ordered to maintain, at all times, annuity assets as a separate reserve fund adequate to meet the future payments under its charitable gift annuity contracts; develop and implement a system for accounting, investing, and reporting of its charitable gift annuity business; and, develop and implement procedures for appropriate review, by staff other than the report preparer, to ensure completeness and accuracy of the Annual Report. Instruction 3, Examination Report, page 3.
4. LBIS is ordered to consider making the necessary revisions and record the correct annual payment amounts and/or reasonable commensurate value of the benefits in the annuity contracts to agree with the charitable gift annuity spreadsheets. Comments and Recommendations 1, Examination Report, page 3.

IT IS FURTHER ORDERED THAT, the Foundation file with the Chief Examiner, within 90 days of the date of this order, a detailed report specifying how the Foundation has addressed each of the requirements of this order.

ENTERED at Tumwater, Washington, this 15th day of November, 2004.



MIKE KREIDLER
Insurance Commissioner

Sept. 28, 2004

Mr. James T. Odiome, CPA, JD
Deputy Insurance Commissioner
Company Supervision Division
P.O. Box 40255
Olympia, WA 98504-0255

RE: Examination Report of Trinity Lutheran College
As of December 31, 2003

Dear Mr. Odiome:

The following are our comments on the above referenced examination report.

Annuities Payable/Reserves: LBIS/Trinity was not aware that it is required that the ten percent surplus is to be included in the annuities payable on our balance sheet. We do maintain a separate reserve fund that is currently well in excess of the 110% requirement.

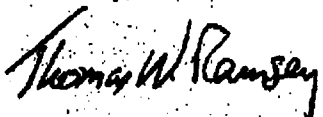
Minimum unrestricted net assets: We are taking steps to restore our unrestricted net assets to the minimum \$500,000 required. It is our expectation that within 12 months our unrestricted net assets should exceed the \$500,000 minimum, at which time we hope to regain our ability to issue charitable gift annuities.

Assets of the separate reserve fund: It is our view that the 2002 Annual Report was not inaccurate. The shortfall in the reserve fund was itemized and disclosed in the report with the intention of bring it to the OIC's attention. In any case LBIS/Trinity is committed to developing and maintaining accounting, investing, reporting, and review systems and procedures that ensure compliance with Chapter 48.38 RCW; as well as maintaining a separate reserve fund that meets the 110% requirement.

Recommendations: LBIS/Trinity will take the steps necessary to make sure that the annuity contracts agree with the charitable gift annuity spreadsheet.

Please let us know if you have any questions concerning our comments or would like to discuss them further. Also please advise us of the next step in this process and how the examination report will become a publicly accessible document. We look forward to continuing to work with the OIC and hope to regain the use of our Certificate of Exemption.

Sincerely,



Thomas W. Ramsey
Chief Financial Officer
Trinity Lutheran College